

# PGI 204.7108 Payment instructions.

(a) *Scope.* This section applies to contracts and orders that are funded by multiple accounting classification citations and—

- (1) Include deliverable line items or deliverable subline items (see FAR 4.1005-1) that are funded by multiple accounting classification citations;
- (2) Contain cost-reimbursement or time-and-materials/labor-hour line items; or
- (3) Authorize financing payments.

(b) For contracts and orders covered by this subpart—

(1) The contracting officer shall insert the table at (b)(2), or a link to the table at (b)(2) ([https://www.acq.osd.mil/dpap/dars/pgi/pgi\\_hm/current/PGI204\\_71.htm#payment\\_instructions](https://www.acq.osd.mil/dpap/dars/pgi/pgi_hm/current/PGI204_71.htm#payment_instructions)) in Section G of the contract, or equivalent, including contracts with incrementally funded line items. When some, but not all, of the fixed price line items in a contract are subject to contract financing payments, the contracting officer shall clearly identify to which line items the payment clause(s) included in Section I apply.

(2) The payment office shall allocate and record the amounts paid to the accounting classification citations in the contract using the table below based on the type of payment request submitted (see DFARS [252.232-7006](#)) and the type of effort.

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Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
52.212-4 (Alt I), Contract Terms and Conditions—Commercial Items 52.216-7, Allowable Cost and Payment 52.232-7, Payments under Time-and- Materials and Labor- Hour Contracts	Cost Voucher	X	X	N/A	Line item specific proration. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
52.232-1, Payments	Navy Shipbuilding Invoice (Fixed Price)	X	N/A	N/A	Line Item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds. In the event of a deliverable line or deliverable subline item with two ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.
52.232-1, Payments; 52.232-2, Payments under Fixed-Price Research and Development Contracts; 52.232-3, Payments under Personal Services Contracts; 52.232-4, Payments under Transportation Contracts and Transportation-Related Services Contracts; and 52.232-6, Payments under Communication Service Contracts with Common Carriers	Invoice	X	X	N/A	Line Item Specific proration. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
52.232-5, Payments Under Fixed-Price Construction Contracts	Construction Payment Invoice	N/A	N/A	X	Line Item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds. In the event of a deliverable line or deliverable subline item with two ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.
52.232-16, Progress Payments	Progress Payment*	X	X	N/A	Contract-wide proration. Funds shall be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN. Progress Payments are considered contract level financing, and the "contract price" shall reflect the fixed price portion of the contract per FAR 32.501-3.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
52.232-29, Terms for Financing of Purchases of Commercial Items; 52.232-30, Installment Payments for Commercial Items	Commercial Item Financing*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2) and 32.1007(b)(2).
52.232-32, Performance-Based Payments	Performance-Based Payments*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2) and 32.1007(b)(2).
<a href="#">252.232-7002</a> , Progress Payments for Foreign Military Sales Acquisitions	Progress Payment*	X	X	N/A	Allocate costs among line items and countries in a manner acceptable to the Administrative Contracting Officer.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
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\*Liquidation of Financing Payments. Liquidation will be applied by the payment office against those ACRNs which are identified by the payment instructions for the delivery payment and in keeping with the liquidation provision of the applicable contract financing clause (i.e., progress payment, performance-based payment, or commercial item financing).

(c) Reserved.

(d) The numbered payment instructions ((d)(1) through (11)) are replaced by the table at paragraph (b)(2) of this section.

(12) *Other*. If none of the payment instructions identified in paragraph (b)(2) of this section are appropriate (i.e., multiple lot progress payments), the contracting officer may insert other payment instructions, provided the other payment instructions—

- (i) Provide a significantly better reflection of how funds will be expended in support of contract performance; and
- (ii) Are agreed to by the payment office and the contract administration office. A copy of the agreement will be kept in the contract file.

**Parent topic:** [PGI 204.71 —UNIFORM CONTRACT LINE ITEM NUMBERING SYSTEM](#)